

**REPORT OF THE AUDIT OF THE  
BOURBON COUNTY  
SHERIFF**

**For The Period January 6, 2003  
Through December 31, 2003**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Ernie Fletcher, Governor

Robbie Rudolph, Secretary

Finance and Administration Cabinet

Honorable Donnie Ray Foley, Bourbon County Judge/Executive

Honorable Mark Matthews, Bourbon County Sheriff

Members of the Bourbon County Fiscal Court

The enclosed report prepared by Carpenter, Mountjoy & Bressler, PSC, Certified Public Accountants, presents the statement of revenues, expenditures, and excess fees of the County Sheriff of Bourbon County, Kentucky, for the period January 6, 2003 through December 31, 2003.

We engaged Carpenter, Mountjoy & Bressler, PSC to perform the audit of this statement. We worked closely with the firm during our report review process; Carpenter, Mountjoy & Bressler, PSC evaluated the Bourbon County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen  
Auditor of Public Accounts

Enclosure





**REPORT OF THE AUDIT OF THE  
BOURBON COUNTY  
SHERIFF**

**For The Period January 6, 2003  
Through December 31, 2003**



## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE BOURBON COUNTY SHERIFF**

**For The Period  
January 6, 2003 Through December 31, 2003**

Carpenter, Mountjoy & Bressler, PSC has completed the Bourbon County Sheriff's audit for the period January 6, 2003 through December 31, 2003. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting described in Note 1.

#### **Financial Condition:**

Excess fees decreased by \$45,287 from the prior year, resulting in excess fees of \$18,734 as of December 31, 2003. Revenues increased by \$122,973 from the prior year and expenditures increased by \$168,260.

#### **Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities or bonds.





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The Honorable Donnie Ray Foley, Bourbon County Judge/Executive  
Honorable Mark Matthews, Bourbon County Sheriff  
Members of the Bourbon County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the County Sheriff of Bourbon County, Kentucky, for the period January 6, 2003 through December 31, 2003. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

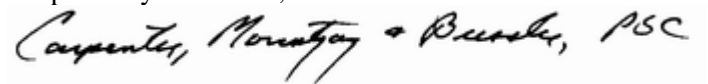
In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the County Sheriff for the period January 6, 2003 through December 31, 2003, in conformity with the regulatory basis of accounting.

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2004, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Honorable Donnie Ray Foley, Bourbon County Judge/Executive  
Honorable Mark Matthews, Bourbon County Sheriff  
Members of the Bourbon County Fiscal Court

This report is intended solely for the information and use of the County Sheriff and Fiscal Court of Bourbon County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,

A handwritten signature in black ink that reads "Carpenter, Mountjoy & Bressler, PSC". The signature is written in a cursive, flowing style.

Carpenter, Mountjoy & Bressler, PSC

Audit fieldwork completed -  
October 7, 2004

BOURBON COUNTY  
 MARK MATTHEWS, COUNTY SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Period January 6, 2003 Through December 31, 2003

Revenues

Federal Grants		\$	1,070	
State - Kentucky Law Enforcement Foundation Program Fund				10,848
State Fees For Services:				
Finance and Administration Cabinet	\$	63,721		
Sheriff Security Service		25,058		
Transporting Prisoners		<u>5,332</u>		94,111
Circuit Court Clerk:				
Fines and Fees Collected				3,619
Fiscal Court				13,510
County Clerk - Delinquent Taxes				1,180
Commission On Taxes Collected				251,406
Fees Collected For Services:				
Auto Inspections	\$	6,809		
Accident and Police Reports		136		
Serving Papers		30,416		
Transporting Prisoners		2,084		
Carrying Concealed Deadly Weapon Permits		<u>3,258</u>		42,703
Other:				
Sheriff's Sale	\$	3,176		
Sheriff's Add-on Fee		23,781		
Sheriff's Advertising Fees		1,650		
Sheriff's Advertising Costs		1,905		
Miscellaneous		<u>9,250</u>		39,762
Interest Earned				1,479
Borrowed Money:				
State Advancement	\$	123,225		
Bank Note		<u>18,701</u>		<u>141,926</u>
Total Revenues			\$	601,614

The accompanying notes are an integral part of this financial statement.

BOURBON COUNTY  
 MARK MATTHEWS, COUNTY SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Period January 6, 2003 Through December 31, 2003  
 (Continued)

Expenditures

Federal Grant Expenditures		\$	1,070
Operating Expenditures and Capital Outlay:			
Personnel Services:			
Deputy's Gross Salaries	\$	77,672	
Part Time Gross Salaries		63,283	
Other Gross Salaries		30,463	
KLEFPF Pay		9,176	
Employee Benefits:			
Employer's Share Social Security		17,372	
Employer's Share Hazerdous Duty Retirement		16,246	
Contracted Services:			
Advertising		3,907	
Vehicle Maintenance and Repairs		7,056	
Payroll		1,915	
Supplies and Materials:			
Office Materials and Supplies		11,414	
Uniforms		10,223	
Law Enforcement Supplies		16,555	
Other Charges:			
Telephone		7,008	
Transport Prisoners		4,865	
Conventions and Travel		1,389	
Dues		662	
Postage		34	
Bond		482	
Carrying Concealed Deadly Weapon Permits		1,830	
Computer Expense		14,082	
Executions on Property		1,101	
Education		1,005	
Fiscal Court - Vehicle		13,510	
Miscellaneous		2,155	
Auto Expense:			
Gasoline		10,216	
Reimbursement to Deputies for Expenses		1,143	
Reimburse Prior Administration		2,854	
Capital Outlay:			
Vehicles		52,229	\$ 379,847

The accompanying notes are an integral part of this financial statement.

BOURBON COUNTY  
 MARK MATTHEWS, COUNTY SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Period January 6, 2003 Through December 31, 2003  
 (Continued)

Expenditures (Continued):

Operating Expenses and Capital Outlay (Continued):

Debt Service:

State Advancement	\$	123,225	
Notes		18,701	
Interest on Note		<u>79</u>	\$ 142,005
Total Expenditures			<u>\$ 522,922</u>
Net Revenues			\$ 78,692
Less: Statutory Maximum			<u>59,199</u>
Excess Fees			\$ 19,493
Less: Training Incentive Benefit			<u>759</u>
Excess Fees Due County for 2004			\$ 18,734
Payments to Fiscal Court - March 9, 2004			<u>18,734</u>
Balance Due Fiscal Court at Completion of Audit			<u><u>\$ 0</u></u>

The accompanying notes are an integral part of this financial statement.

BOURBON COUNTY  
NOTES TO FINANCIAL STATEMENT

For the Period January 6, 2004 Through December 31, 2003

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

Kentucky Revised Statute (KRS) 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Sheriff as determined by the audit. KRS 134.310 requires the County Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2003 services
- Reimbursements for 2003 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2003

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).



BOURBON COUNTY  
NOTES TO FINANCIAL STATEMENT  
For the Period January 6, 2004 Through December 31, 2003  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems.

This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent for the first six months of the year and 7.34 percent for the last six months of the year. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent for the first six months of the year and 18.51 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2003, the Sheriff's deposits were fully collateralized at a 100% level with collateral of pledged securities held by the Sheriff's agent in the Sheriff's name.

Note 4. Federal Grant

The Sheriff's office participates in the United States Bureau of Justice Bulletproof Vest Program. During the period January 6, 2003 through December 31, 2003, the Sheriff's office expended \$1,070 for the purchase of bulletproof vests. The full amount of these expenditures was reimbursed with grant monies from the Bureau of Justice.



REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



The Honorable Donnie Ray Foley, Bourbon County Judge/Executive  
Honorable Mark Matthews, Bourbon County Sheriff  
Members of the Bourbon County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Bourbon County Sheriff for the period January 6, 2003 through December 31, 2003, and have issued our report thereon dated October 7, 2004. This was a special report on the County Sheriff's financial statement prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Bourbon County Sheriff's financial statement for the period January 6, 2003 through December 31, 2003, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

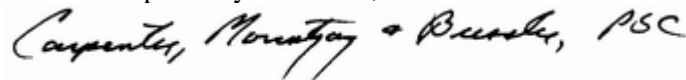
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bourbon County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink that reads "Carpenter, Mountjoy & Bressler, PSC". The signature is written in a cursive, flowing style.

Carpenter, Mountjoy & Bressler, PSC

Audit fieldwork completed -  
October 7, 2004

